

**GAS ROYALTY CALCULATION
INFORMATION BULLETIN
March 2010**

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A. PRICING RATES AND TRANSPORTATION INFORMATION

For Pricing, Royalty Rates and Transportation Information for January 2010, refer to Attachments 1, 1A, 2, 2A and 3. These attachments are also available in Excel Format.

B. NOTICES

Alberta Royalty Framework Gas Cost Allowance (GCA) Allocation Edits

Under the Alberta Royalty Framework rules and edits, a cost allocation to another facility is only allowed if there is a physical flow of volumes between the facilities. Depending on the reporting situation, operators have several options to align costs with the volumes that incur those costs:

1. If there are no longer any volumes at the reporting facility, discontinue reporting at that facility and commence reporting at the allocation facility
2. If there are volumes at both facilities, transfer a portion of the reporting facility's costs and commence separate reporting at each facility
3. If both facilities receive volumes from a common upstream facility, discontinue reporting downstream and commence reporting upstream
4. If a common upstream facility is a battery, transfer a portion of the reporting facility's costs and commence separate reporting at each facility

However, recognizing the administrative effort required in aligning costs with volumes, the department, following discussions with CAPP and SEPAC, proposes a temporary (one year) solution by treating specific reporting situations as exceptions. For the 2009 production year's annual cost reporting, the volume edit remains in place while industry operators initially file Allowable Cost (AC) forms by the legislated due date. The volume edit would identify and reject allocations where a physical flow of volumes is not evident. Industry would have to apply for an exception by submitting a written request identifying the rejected allocations, allowing sufficient time for the department to manually review and approve these situations. Once approved, the re-submitted AC forms will be required prior to the cut-off date of June 15th, 2010, in order to apply the exceptions and have the cost allocations in place prior to processing the annual cost adjustments for the 2009 production year. The expectation would be that industry uses this extended period of time to properly align their costs and volumes for the 2010 production year's annual cost reporting.

The set-up of new Facility Cost Centres (FCCs) for the purpose of assigning operating costs should be effective in the 2009 production year and onwards. Penalties associated with prior year FCC set-ups will not be waived.

If you have questions, please contact your respective Gas Royalty Client Services' portfolio representative, as identified in Section F of the Information Bulletin, or Will Wong at 780-415-0755 or e-mail Will.Wong@gov.ab.ca.

C. MONTHLY INFORMATION

January 2010 Royalty Due April 30

- **Royalty clients are to remit the total amount payable shown on the April 2010 Statement of Account by April 30, 2010.** If the amount payable includes accrued current period interest, the interest has only been accrued to the statement issue date. Clients must also include the additional interest that has accrued from the statement issue date to the date of payment, using the per diem amount provided.
- **The April 2010 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your**

January 2010 invoice amount and any applicable current period interest charges. It also identifies refunds resulting from overpayments.

- Current period interest will not be charged on current invoice charges for the production month of January 2010 if it is paid in full by April 30, 2010.
- Current period interest will accrue on any overdue charges commencing the first day after the due-date until it is paid in full.

Note: If the due date falls on a non-business day, the next business day will apply as the due date.

- Cheques are payable to the Minister of Finance, Province of Alberta.

February 2010 VA4 Due April 15

The VA4 forms for the production month of February 2010 are due in the department offices by April 15, 2010.

Note: If the due date falls on a non-business day, the next business day will apply as the due date for VA4 forms.

Registry Deadline Submissions

The Registry deadline submissions for SAF, OAF, and Volumetrics are posted in the Petroleum Registry of Alberta website "Reporting Calendars" under Calendars. Changes to this calendar will be posted on the Registry website home page in "Broadcast Messages."

Interest Rate March 2010

Alberta Energy's interest rate for March 2010 is 3.25%.

December Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the December 2009 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments	Net Provisional Assessment
\$1,360,643.68	(\$9,010,362.12)	(\$7,649,718.44)

December Penalty Charges

The penalty table below shows at the form level, the total penalty charges and reversals, for the December 2009 billing period:

FORM	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2009/12
AC2	\$7,300	\$0	\$7,300
AC4	\$0	\$0	\$0
AC5	\$0	\$0	\$0
NGL1	\$0	\$0	\$0
VA2	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$700	\$0	\$700
Total	\$8,000	\$0	\$8,000

Gas Royalty Calculation Support

Upon request, Gas Royalty Calculation staff will be available to meet with clients who need assistance with royalty reporting. Royalty clients requiring assistance are encouraged to contact your respective Gas Royalty Client Services portfolio representative, as identified in Section F of this bulletin, to arrange a meeting.

Well Event Measured Depth Determination Letter

The department has issued a “Well Event Measured Depth Determination Letter” under the Report Package DOE – Gas to facility operators via the PRA on March 1 and 15, 2010. This letter shows the confirmed Measured Depth (MD) of each active well event that will be used to calculate the Depth Factor (DF) of the quantity component rate under the new royalty formula. A well event that is not listed on the letter and does not have a confirmed MD will receive a DF of 1. When the changes to the MD are confirmed by the department, a letter is issued to a facility operator who reports changes through the PRA to well event attributes affecting MD. All changes to the MD are applied on a go forward basis only, if a retroactive change is required, a written request must be submitted to the department. Facility operators are advised to submit well event attribute changes by the last day of the calendar month in order for timely determination of MD.

D. INFRASTRUCTURE DATA CHANGES

Client ID Listing

The BA Identifiers Report is a directory of Business Associate (BA) names, codes, status (e.g. struck, active, amalgamated, etc.), status effective dates, and effective August 2004, includes Working Interest Owner (WIO) role start/end dates.

This report is also published daily on the Petroleum Registry website at:

<http://www.petroleumregistry.gov.ab.ca>

The department reminds Business Associates to review their WIO role to ensure that the start and end dates are reflected correctly. If the BA does not have an active WIO role, the operators cannot allocate volumes to the BA for the relevant production periods through the SAF/OAF allocations.

- If a BA has a WIO role, then that BA can receive SAF/OAF allocations from the WIO role start date forward.
- If a BA has a WIO role with an end date, then they can only receive SAF/OAF allocations from the WIO role start date until the end date. Any SAF/OAF allocations after the end date will be rejected.
- If a BA does not have a WIO role start date, then that BA cannot receive SAF/OAF allocations.

Please contact Client Registry at 780-422-1395 if you have any questions regarding the information supplied on this listing.

Client Status Changes

Clients must ensure that all royalty documents are completed using only valid client names and IDs. It is critical that royalty clients use current legal client names and their appropriate IDs on all documents to ensure accurate royalty calculation and to prevent provisional assessment and penalties. Rejects will occur when invalid IDs are used.

If you require information regarding client names or IDs, please contact Client Registry at 780-422-1395.

Nova Tolls - Multiple Gas Reference Prices

Royalty information related to the implementation of the Factor Model negotiated with industry for determining Multiple Gas Valuation Prices is provided on the Natural Gas website's Royalty Related Information page under Facility Royalty Trigger Factors and Meter Station Ties.

E. REMINDERS

Turnaround Time for AC Submissions

Facility Cost Centre Set-up/Change (AC1)

With the March 1 deadline of AC1 submissions for 2009, new FCC set-ups submitted through batch or on-line will be processed by the department within a half-day turnaround time and these requests will not be delayed due to an invoice cycle. All other FCC changes will be processed overnight and will not occur during an invoice cycle. AC1s submitted on the weekend and on any statutory holiday will not be processed until the next business day.

Annual Allowable Cost Submissions (AC2, AC3 and AC5)

AC2, AC3 and AC5 are processed nightly except:

- During an invoice cycle, and
- Submissions made on a weekend or on any statutory holiday, which will not be processed until the next business day.

Monthly Sulphur Corporate Average Price Calculation – VA4 Form

The department requires royalty clients with an annual sulphur production of 30,000 tonnes or greater in the 2009 production year to file VA4 forms monthly, beginning with the January 2010 production month. The VA4 form is due on or before the 15th day of the second month following the respective production month. A royalty client whose annual sulphur production is less than 30,000 tonnes may choose to file the VA4 forms monthly beginning with January's production month; however, if this choice is made, the client must file VA4 forms for the entire year. The department will use the VA4 forms to determine each client's monthly Sulphur Corporate Average Price (S-CAP) and the

monthly sulphur default price. We calculate each month's sulphur default price as the weighted average unit value of all arms length sales for all clients who filed VA4 forms for that month. The department will value and invoice the Crown royalty share of sulphur production monthly using the respective S-CAP price for clients who file VA4 forms, and the sulphur default price for clients who chose not to file VA4 forms. The VA4 form is subject to \$100 in late filing penalties for each month or part of the month the form is past due. The VA4 form for the production month of January 2010 was due in the department by March 15, 2010.

Royalty clients who file monthly VA4 forms must file annual VA3 forms. The VA3 form remains the primary sulphur valuation tool and the S-CAP determined from each VA3 will replace the entire year's monthly prices determined from the VA4 forms. The VA3 is due on or before April 15th of the year following the year of production. Interest is charged/paid on the Crown royalty difference when adjusting from monthly to annual valuation. The VA3 form is subject to a one time \$1,000 late filing penalty.

The following royalty clients must submit VA4 forms effective with the 2010 production year, which includes any pricing information for each of its consolidated/amalgamated entities:

Client ID	Client Name	Client ID	Client Name
0017	IMPERIAL OIL RESOURCES	0PF8	HUNT OIL COMPANY OF CANADA, INC.
0026	ENCANA CORPORATION	0R46	HUSKY OIL OPERATIONS LIMITED
0039	TALISMAN ENERGY INC.	0RA3	PENGROWTH CORPORATION
0054	SUNCOR ENERGY INC.	0W9D	CONOCOPHILLIPS CANADA (BRC) PARTNERSHIP
0060	BP CANADA ENERGY COMPANY	0YT7	MANCAL ENERGY INC.
0226	NEXIN INC.	A05T	MEC OPERATING COMPANY ULC
0BP8	PENN WEST PETROLEUM LTD.	A08J	ENERPLUS OIL & GAS LTD.
0CW8	COMPTON PETROLEUM CORPORATION	A0L6	FAIRBORNE PIVOTAL PRODUCTION PARTNERSHIP
0F3F	DEVON CANADA	A162	DAYLIGHT ENERGY LTD.
0HE9	CANADIAN NATURAL RESOURCES LIMITED	A2F0	SHELL CANADA ENERGY
0JT1	EXXONMOBIL CANADA ENERGY	A2JD	BG INTERNATIONAL LIMITED
0L0D	SUNCOR ENERGY OIL AND GAS PARTNERSHIP	A2TG	TAQA NORTH LTD.

**Submission of Production Year 2009 Allowable Cost (AC) and
Corporate Average Price Calculation (VA) Submissions**

Royalty clients are advised that Allowable Cost (AC1, AC2, AC3 and AC5) and Annual Corporate Average Price Calculation - Sulphur (VA3) submissions for the 2009 production year are due on the following dates:

Form Type	Due Date	Penalty
AC1	March 01, 2010	-
VA3	April 15, 2010	\$1,000/One time only
AC2	April 30, 2010	\$100/Form/Month upon due date to a maximum of \$600
AC3	May 17, 2010	-
AC5	May 17, 2010	\$100/Form/Month upon receipt to a maximum of \$600

Operating costs (formerly AC4) must be reported with capital costs (revised AC2) on one submission and there is no longer a Corporate Average Price Calculation (VA2) for Gas. Details on the changes to Gas Cost Allowance are available on the Alberta Energy Internet address: www.energy.alberta.ca. From "Our Business", navigate to "Natural Gas", "Legislation, Guidelines & Policies", "Gas Royalty Information Bulletins".

Please note that all allowable cost submissions (initial and amended filings for current and prior production years) by FCC operators are required to be completed on the Registry. Although use of the Registry to submit AC3 and AC5 data is mandatory for operators, it remains voluntary for non-operators. However, non-operators are strongly encouraged to use the Registry to submit and retrieve their AC3 and AC5 data. The business rules and submission method for VA3 submissions remain the same with notification from the department informing clients that their submissions have been processed. Annual allowable cost submissions are processed nightly except during an invoice run cycle. New facility cost centre set-ups are processed within four hours of receipt if received in the morning with an overnight turnaround if received in the afternoon. Processing of new facility cost centre set-ups continue during an invoice run cycle. Sulphur Corporate Average Price submissions are processed as they are received.

The department encourages timely submissions to allow sufficient turnaround time for corrections. Non-operators are particularly encouraged to file their Sulphur Corporate Average Price submissions timely by mail or direct delivery to the Calgary Department of Energy Office Mailroom. The font size on faxed forms must be 10 pt or greater and must not be bold. Penalties will apply where valid system acceptable submissions are not received by the filing deadline. Barring the department's responsibility, inability to submit annual cost submissions on the Registry and/or illegible script will not reverse a penalty once imposed.

Should you have any questions, please contact Will Wong at 780-415-0755 or e-mail Will.Wong@gov.ab.ca.

Capital and Operating Cost Allowance Filing - Expected AC2 Reports on the Registry

The Crown deducts allowances for costs incurred and paid in Alberta for compressing, gathering and processing its royalty share of gas and gas products. Commencing with the 2009 production year, annual capital and operating cost allowances are combined on the AC2-V4 with an ability to allocate these cost allowances among working interest owners and multiple delivery facilities. The Facility Cost Centre (FCC) operator, on record at year end, is responsible for filing the AC2-V4 via the Registry.

The Expected AC2 Report identifies the FCC operator as of a specific date and is generated to aid FCC operators in verifying their status as well as effective date. In addition, it identifies whether a valid AC2 was submitted for a production year.

The Expected AC2 Report is grouped by an Energy Resources Conservation Board (ERCB) Facility and related FCC. The report displays the following:

- Facility ID and Facility Name
- FCC ID and FCC Name
- "Y"(yes) and "N"(no) Indicators to identify whether or not the FCC is fully depreciated
- The FCC Operator Effective Date
- "Y"(yes) and "N"(no) Indicator to determine whether or not an AC2 was submitted for the production year
- All consolidated/amalgamated companies have been included within this report, where applicable.

The information in the report reflects the department's records as of the file preparation date and does not reflect submissions subsequently received and/or processed. Any submissions (AC1, AC2, Invoice Consolidation Concurrence – ICC1, etc) processed after the report date will not be shown.

Please note that absence of a company name or FCC from these reports will not be an acceptable reason to waive a penalty once assessed.

The Expected AC2 Report is available in PDF, TXT and CSV formats and is generated weekly during the Gas Cost Allowance reporting season. Expected AC2 reports will be available on the Registry on Monday, February 1, 2010, and each Monday thereafter to Monday, May 10, 2010, with the exception of Mondays that are non-business days or Mondays that coincide with invoice processing. This report may also be requested on demand, on a client basis, by contacting your Gas Royalty Client Service portfolio representative as identified in Section F of this bulletin or Will Wong at 780-415-0755.

If you are not the operator for the FCC identified on the report, please submit a Facility Cost Centre Set-Up/Change (AC1-V2) via the Registry identifying the change in operator and its effective date.

An AC1 submission identifying an FCC change in operator is due on or before the last day of the month following the production month in which the change occurred.

Please note that FCCs that are shut-in or terminated for an entire production year will not appear on the report. Operators of fully depreciated (zero remaining useful life) FCCs remain responsible for AC2-V4 submissions. Submissions are required to ensure the department has correctly identified Capital and Operating Cost Allowance allocations to working interest owners and/or other delivery facilities as well as Custom Processing Adjustment Factors for the FCC.

AC2-V4 submissions are required to be filed on the Registry. An AC2-V4 can be entered online or by batch. If a system acceptable AC2-V4 submission is not received and processed by the filing deadline (April 30th of the year following the production year to which it relates) a penalty will be assessed. Please contact The Petroleum Registry of Alberta, Service Desk, regarding access to or utilization of the registry at 1-800-992-1144.

Custom Processing Allowance Fees Paid – Expected AC5 and Energy Adjusted Gas Equivalent Volume (EAGEV) Reports on the Registry

Royalty clients that have incurred and paid for compressing, gathering and/or processing gas and gas products on a fee-for service basis, in Alberta, are required to submit an AC5-V4 to the department by May 15th of the year following the production year to which it relates. This includes custom processing fees associated with freehold, purchased, and out-of-province volumes. The Expected AC5 Report provides a complete list of the Energy Resources Conservation Board (ERCB) facilities and related Facility Cost Centres (FCCs) where the operator has allocated custom user volumes to the royalty client in Parts 6 and 10 (Custom Processing Adjustment Factor) of a Capital & Operating Cost Allowance AC2-V4 submission.

This report is generated to aid royalty clients in identifying the ERCB facilities and FCCs that **require** the royalty client to file an AC5-V4. The information in the report identifies the department's records as of the file preparation date and does not reflect submissions subsequently received and/or processed.

The Expected AC5 Report is grouped by ERCB Facility and related FCC. The report displays the following:

- FCC ID, FCC Name & FCC Type
- Operator ID and Name allocating custom user volumes
- Allocated Custom Processing (CP) volumes in 10³m³

In addition, as of the report generation date, there are "Y" (yes) and "N" (no) indicators for the previous and current production years that identify whether the:

- department has received a valid AC5 submission for the royalty client and
- whether the ERCB facility has been reported on the AC5 submission.

The EAGEV report is generated for all royalty clients and identifies volumetric allocations for volumes produced (SAF/OAF and RMF2) at ERCB facilities. This report should be used in conjunction with an Expected AC5 Report as a royalty client cannot file an AC5-V4 submission unless volumes have been reported at ERCB facilities identified on the EAGEV report. In addition, if a royalty client has custom user volumes, which do not appear on the Expected AC5 Report, this indicates that the operator has not identified the client on the AC2-V4 submission. This inconsistency may indicate filing discrepancies that require an amendment by the facility operator.

If a system acceptable AC5-V4 submission is not received and processed by its filing deadline (May 15th of the year following the production year to which it relates) it is subject to penalty charges upon receipt. Please note that the absence of a company name or an FCC from these reports will not be an acceptable reason for a waiver of penalty.

Both the Expected Custom Processing Fees Paid (AC5) report and the EAGEV report are available in PDF, TXT and CSV formats. Expected AC5 and EAGEV reports will be available on the Registry on Friday, February 5, 2010, and each Friday thereafter to Friday, May 28, 2010, with the exception of Fridays that are non-business days or Fridays that coincide with invoice processing. Operators of FCCs must utilize the Registry to retrieve these reports. The delivery of the EAGEV report on these specific dates is intended for the convenience of the client only, and is not intended to replace the normal delivery and/or availability of the report that is scheduled monthly. Non-operators and other royalty clients that currently submit and receive hard documents will continue to receive the Expected AC5 report accompanied with an EAGEV report, by mail, on the same delivery schedules prescribed above.

In addition, both reports may be requested on demand on a client basis by contacting your Gas Royalty Client Service portfolio representative as identified in Section F of this bulletin or Will Wong at 780-415-0755 or email Will.Wong@gov.ab.ca.

Electronic filers are required to submit their Allowable Cost forms via the Registry. Contact the Petroleum Registry of Alberta Service Desk regarding access to or utilization of the Registry. To contact the Petroleum Registry of Alberta Service Desk call: 1-800-992-1144.

Please be reminded that the deadline for filing an AC5-V4, for the production year 2009, is May 17, 2010.

F. POINTS OF CONTACT

Petroleum Registry of Alberta

The Petroleum Registry of Alberta Service Desk is the focal point for communications with the Registry regarding preparations for, access to, or utilization of the Registry.

To contact the Petroleum Registry of Alberta Service Desk:

Phone: 403-297-6111 or 1-800-992-1144

Fax: 403-297-3665

Email: petroleumregistry.energy@gov.ab.ca

Alberta Energy Internet

Prices, Royalty Rates and Transportation Information are available on the Alberta Energy Internet address: www.energy.alberta.ca, from “Our Business”, navigate to “Natural Gas”, “About Natural Gas”, “Prices”, “Alberta Natural Gas Reference Price (ARP)”.

In addition, both the Gas Royalty Information Bulletins and Information Letters are also available under “Our Business”, navigate to “Natural Gas”, “Legislation, Guidelines & Policies”.

Gas Royalty Client Services

Gas Royalty Client Services is structured as a Business Associate client portfolio system, which assigns a given Business Associate to one of four Client Services teams. Listed below is the portfolio breakdown along with Client Services Team Leads and phone numbers. The portfolios are divided by company name and not by BA ID.

Example: If your company name is the “Gas Company” you would call C – G team at 780-644-1202.

Business Associate	Phone Number and E-mail Address	Team Lead
Numbered companies, A, B & L	780-644-1201 GRCST1@gov.ab.ca	Todd Atwood
C – G	780-644-1202 GRCST2@gov.ab.ca	Lily Hiew
H – P (excluding L)	780-644-1203 GRCST3@gov.ab.ca	Chris Nixon
Q – Z	780-644-1204 GRCST4@gov.ab.ca	Jyoti Bhambhani

Gas Royalty Reception: 780-422-8727

Fax: 780-427-3334 or 780-422-8732

Alberta Toll Free: 780-310-0000

Hours of operation are 8:15 a.m. to 4:30 p.m. Voice messages left after 4:30 p.m. will be answered the next business day.

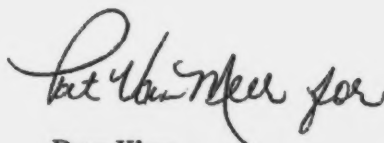
In situations where a company has just amalgamated or purchased another company, the general rule is to call the team that is responsible for the “Supra” business associate, or

Royalty payer. Below are some guidelines for clients who are unsure which Client Services Team to call regarding their questions.

1. **Amalgamation/consolidation** - Call the team responsible for the "Supra" business associate (Royalty Payer).
i.e. ABC Oil and Gas amalgamates with Zed Exploration and Zed is the amalgamator (royalty payer). When calling Client Services regarding business for ABC Oil and Gas, you would call Team 4 (Q-Z) (780-644-1204) because Zed Exploration is now the Supra business associate and royalty payer. This rule would apply even if you were calling regarding business that is prior to the acquisition or amalgamation.
2. **Asset Purchase** - Call the team responsible for your company.
i.e. 123 Gas purchases the assets of TSP Exploration, but not the company. When calling Client Services regarding business for 123 Gas, you would call Team 1 (# Co., A, B, & L) (780-644-1201) because you have only purchased assets.
3. **Consultants/service providers** - If you have a contract to provide production accounting services to a company, call the team responsible for your client's company.
i.e. Paul Snow Consulting Services enters into a contract with Duckback Oil and Gas and Olive Oil and Gas. Paul Snow would contact Team 2 (C-G) (780-644-1202) to discuss Duckback Oil business and Team 3 (H-P excluding L) (780-644-1203) to discuss Olive Oil and Gas business. At the time the contract is signed, Paul Snow would have had each company notify the appropriate team that he was authorized to access information for their company.

Reference Prices and Valuation Allowances Calculation Information

Gas Royalty Valuation and Markets
300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone: 403-297-5514
Fax: 403-297-5400



Deen Khan
Director, Gas Royalty Calculation
Royalty Operations – Edmonton

Attachments

2010 GAS AND ISC PRICES

MONTH	Gas Reference Price (\$/GJ)	Methane ISC Reference Price (\$/GJ)	Methane ISC Par Price (\$/GJ)	Ethane ISC Reference Price (\$/GJ)	Propane ISC Reference Price (\$/GJ)	Butane ISC Reference Price (\$/GJ)	Pentanes plus ISC Reference Price (\$/GJ)
JAN	4.88	4.85	4.85	5.19	5.32	5.35	5.37
FEB							
MAR							
APR							
MAY							
JUN							
JUL							
AUG							
SEPT							
OCT							
NOV							
DEC							

DETAIL OF THE JANUARY 2010 GAS AND ISC REFERENCE PRICES						
	Gas	Methane	C2-IC	C3-IC	C4-IC	C5-IC
Weighted Average Price of Alberta	5.274	5.258	5.458	5.525	5.526	5.526
Deductions: Intra – Alberta Transportation	0.323	0.343	0.196	0.137	0.106	0.081
Marketing Allowance	0.018	0.018	0.018	0.018	0.018	0.018
Price Before Pipeline Factor	4.933	4.497	5.244	5.370	5.402	5.427
Pipeline Fuel/Loss Factor	0.990	0.990	0.990	0.990	0.990	0.990
Price before Special Adjustment	4.882	4.846	5.190	5.315	5.347	5.372
Special Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Price before 2% amendment limitation or rounding	4.882	4.846	5.190	5.315	5.347	5.372
Amendments: Carry forward (from previous RP month)	-0.001	0.000	0.000	0.000	-0.004	-0.003
Prior Period Amendment Adjustment (current RP month)	-0.002	-0.001	0.001	0.001	0.003	0.002
Calculated RP after Amendments	4.879	4.845	5.191	5.316	5.346	5.371
JANUARY 2010 Reference Price	4.88	4.85	5.19	5.32	5.35	5.37
Difference = value carried forward to next RP month	-0.001	-0.005	0.001	-0.004	-0.004	0.001
Adjusted IATD (before Prior Period Amendments)		0.340	0.194	0.136	0.105	0.080
Prior period Amendments (IATD and Pipeline Fuel Loss)		0.000	0.000	0.000	0.000	0.000
Adjusted IATD (after Prior Period Amendments)		0.340	0.194	0.136	0.105	0.080

2010
NATURAL GAS LIQUIDS PRICES

MONTH	Ethane Reference Price (\$/GJ)	Ethane Par Price (\$/GJ)	Propane Reference Price (\$/m3)	Propane Floor Price (\$/m3)	Butane Reference Price (\$/m3)	Butane Floor Price (\$/m3)	Pentanes plus Reference Price (\$/m3)	Pentanes plus Par Price (\$/m3)	Sulphur Default Price (\$ per tonne)
JAN	5.19	5.19	365.10	304.14	462.20	362.63	535.03	512.98	15.84
FEB									
MAR									
APR									
MAY									
JUN									
JUL									
AUG									
SEPT									
OCT									
NOV									
DEC									

ANNUAL SULPHUR DEFAULT PRICE

2004	2005	2006	2007	2008
31.88	33.97	18.89	32.88	\$297.39

2010**NGL TRANSPORTATION ALLOWANCE AND DEDUCTIONS**

MONTH	PENTANES PLUS (a)				PROPANE AND BUTANE (b)				PENTANES PLUS, PROPANE & BUTANE (c)				FRAC. ALLOW. (per m3)
	REGION				REGION				REGION				
	1	2	3	4	1	2	3	4	1	2	3	4	
JAN	19.35	26.76	10.13	25.18	57.07	19.16	3.92	-10.19	57.95	52.54	63.03	51.40	17.25
FEB													
MAR													
APR													
MAY													
JUN													
JUL													
AUG													
SEPT													
OCT													
NOV													
DEC													

(a) Pentanes Plus obtained as a specification gas product.

(b) Propane and Butane obtained as specification products, and

(c) Pentanes Plus, Propane and Butane contained in a natural gas liquids mix.

Note: For details on "Prior Period Amendment Effects", see Attachment 2A.

PRIOR PERIOD AMENDMENT EFFECTS												
NGL REFERENCE PRICES	JANUARY 2010											
	Propane	Butanes		Pentanes								
Price before amendments	365.107654	462.201139		536.197085								
Opening Rollover (from prior business mth)	-0.003041	0.003621		0.003265								
Prior Period Amendment Adj. (NGL-100)	0.000000	0.000000		-1.169979								
Published Reference Price	365.10	462.20		535.03								
TRANSPORTATION ALLOWANCES	JANUARY 2010											
	Pentanes Plus				Propane and Butane				Pentanes Plus, Propane & Butane			
AMENDMENTS	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4
Opening Rollover (from prior business mth)	-0.001374	0.000212	0.004006	-0.002308	-0.002857	-0.004841	-0.000363	0.003904	0.004580	0.002905	-0.001268	0.003478
Prior Period Amendment Adj. (NGL-100)	-1.169979	0.065246	-1.169979	-1.169979	0.000000	-0.104983	0.186962	0.000000	-0.311285	-0.357415	-0.370970	-0.266962
Total Amendment Effect	-1.171353	0.065458	-1.165973	-1.172287	-0.002857	-0.109824	0.186599	0.003904	-0.306705	-0.354510	-0.372238	-0.263484
Calculated Transp. Differential	20.522059	26.690631	11.300502	26.352516	57.068222	19.270178	3.729361	-10.191925	58.257253	52.896898	63.402756	51.660249
Calculated Transp. Differential after Total Amendments	19.350706	26.756089	10.134529	25.180229	57.065365	19.160354	3.915960	-10.188021	57.950548	52.542388	63.030518	51.396765
Published Transportation Allowance	19.35	26.76	10.13	25.18	57.07	19.16	3.92	-10.19	57.95	52.54	63.03	51.40

Effective the January 2009 production period, the royalty rates for **methane** and **ethane** will be calculated based on a new royalty formula. The new royalty formula consists of the sum of a price component and a quantity component. The new royalty rates will range from 5% to 50%. **Propane** and **butanes** will have fixed royalty rates of 30%, whereas **pentanes plus** will have a fixed royalty rate of 40%.

The price component of the new royalty formula royalty rate for methane and ethane is determined by the monthly methane or ethane par price (PP)

Price (\$/GJ)	r_p
$PP \leq 7.00$	$(PP - 4.50) * 0.0450$
$7.00 < PP \leq 11.00$	$(PP - 7.00) * 0.0300 + 0.1125$
$PP > 11.00$	$(PP - 11.00) * 0.0100 + 0.2325$
Maximum	30%
Minimum	Can be negative (-20.25% if PP=0)

The par price is a provincial weighted price determined by the department and published in the Information Letter for each production month. Determination of the par price has not changed under the Alberta Royalty Framework.

The quantity component of the new royalty formula royalty rate for methane and ethane is based on the average daily production (ADP) of the well event. The quantity component is adjusted for either the depth of the well event and/or the acid gas content of the well event.

Quantity ($10^3 \text{ m}^3/\text{d}$)	r_q
$ADP \leq (6 * DF)$	$[ADP - (4 * DF)] * (0.0500/DF)$
$(6 * DF) < ADP \leq (11 * DF)$	$[ADP - (6 * DF)] * (0.0300/DF) + 0.1000$
$ADP > (11 * DF)$	$[ADP - (11 * DF)] * (0.0100/DF) + 0.2500$
Maximum	30%
Minimum	Can be negative

The ADP for a well event is the total raw gas production in thousand cubic metres (10^3 m^3) for the month divided by the total hours of production in that month multiplied by 24. The ADP formula is as follows:

$$ADP = \frac{\text{Total raw gas production}}{\text{Total hours of production}} \times 24$$

Acid Gas Factor (AGF) is a factor that adjusts the ADP of a well event if that well event is producing high amounts of acid gas, that is, if the combined concentration of hydrogen sulphide (H_2S) and carbon dioxide (CO_2) is greater than 3% and less than or equal to 25%. If a well event has an acid gas content of less than or equal to 3%, then the AGF of the well event will default to 1.00. If a well event has acid gas content greater than 25% then the AGF has a minimum value of 0.78.

The AGF is determined based on the following formula:

$$AGF = [1.03 - (\text{H}_2\text{S}\% + \text{CO}_2\%)]$$

The ADP is adjusted by multiplying the ADP by the AGF, that is:

$$\text{Adjusted ADP} = ADP * AGF$$

The acid gas content of a well event, used by the department for the determination of the AGF, will be according to the records of the ERCB.

A depth factor (DF) is required for all well events, and is calculated based on the measured depth (MD) according to the records of the ERCB for that well event. Information on the MD, of a well event, can be found on the Petroleum Registry of Alberta (PRA) in the 'Infrastructure' section.

The DF is used in the determination of the quantity component (q_c) of the royalty rate; it adjusts the quantity component royalty formula for measured depths that exceed 2000 metres. The DF for a well event is determined based on the following formula:

$$DF = \left(\frac{MD}{2000} \right)^2$$

A well event with a MD greater than 2,000 metres will receive a royalty adjustment based on production from the well event. A well event without a reported MD or with MD less than or equal to 2,000 metres will have a DF of 1.00. The DF is capped at 4.00 for well events with MD greater than or equal to 4,000 metres.

$$\text{If the MD is } \begin{cases} \leq 2,000 \text{ metres, then the DF} = 1.00 \\ > 2,000 \text{ metres and } < 4,000 \text{ metres, then DF} = \left(\frac{MD}{2000} \right)^2 \\ \geq 4,000 \text{ metres, then the DF} = 4.00 \end{cases}$$